

FINAL STATEMENT OF REASONS:

Hearing Date: January 20, 2005

Updated Informative Digest

No changes to be made. The Informative Digest in the Notice of Proposed Rulemaking is incorporated as if fully set forth in this section.

Update of Initial Statement of Reasons

Except as noted below, the Initial Statement of Reasons is incorporated as if fully set forth.

Definition: "Gaming Activity," section 2010(f)

Division staff involved with games and gaming activities expressed concern about the definition not being specific enough. In addition, the cardroom industry suggested the definition be narrowed. In response, the Division has deleted the words "controlled game or promotional scheme," and "references." This change was addressed in the 15-day comment period.

Comments were also received from the cardroom industry regarding the definition of a "Chip" which was not addressed in this rulemaking. This issue is expected to be addressed in the Minimum Internal Control Standards regulations that are in the drafting stage by the California Gambling Control Commission. This will not be a Division regulation.

Definition: "Designated Agent," section 2010(e)

This definition has been changed to include the primary owner of a third-party provider of proposition player services or gambling business. Commission regulations pertaining to third-party providers of proposition player services and gambling businesses have been permanently adopted requiring the Division to include these applicants in the definition. This change was addressed in the 15-day comment period.

Applicant Investigation and Processing Costs, section 2037

No comments were received.

Division Required Forms, section 2038

The terms used in form DGC-APP. 027 (Rev. 01/05) Application for Gaming Activity Review, Section II-5 are commonly used industry terms. Pages from an on-line poker dictionary, "Dan's Poker Dictionary," containing these terms are attached.

No comments were received.

Operation of Gambling Establishments, section 2050

No comments were received.

TECHNICAL, THEORETICAL, OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS

Division of Gambling Control Background Investigations and Processing Costs Analysis; Division of Gambling Control Background Investigations and Processing Costs – Division Hours to Complete Per Type of Investigation or Review.

REASONABLE ALTERNATIVES TO THE PROPOSED ACTIONS

No alternatives were submitted.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS

The Division has not identified any reasonable alternatives that would lessen the impact on small business.

COMMENT NO. 1

David M. Fried, Oaks Card Club, California Grand Casino, and Golden State Gaming Association
Keith A. Sharp, Normandie Club

§ 2010(f): “Gaming Activity”

We suggest that the definition be narrowed slightly. As written, the definition would include as a “gaming activity” any advertising or advertising plan which “*references*” a controlled game. Under §2071(a) and (b), the advertising would have to [be] pre-approved by the Division, which could take up to 120 days. We think the word “references” is broader than needed, and instead the definition should refer to promotional activities that are a part of or which are dependent on the outcome of a controlled game.

We suggest the following change.

“Gaming Activity” means any controlled game or promotional scheme that is appended to, ~~references or relies upon~~ or depends upon the outcome of any controlled game.

RESPONSE: The Division has deleted the words “controlled game or promotional scheme,” and “references” and more clearly defined what type of activities will be considered as gaming activities.

COMMENT NO. 2

David M. Fried, Oaks Card Club, California Grand Casino, and Golden State Gaming Association
Keith A. Sharp, Normandie Club

§ 2010(c): “Chip”

We request that the definition be revised to allow chips to be used for any purpose within a gambling establishment, or, at a minimum, that they additionally are allowed to pay for food and beverages at a gaming table and also to pay collection fees or drops.

RESPONSE: The definition of a chip was not addressed within this rulemaking. The definition is expected to be addressed in the Minimum Internal Control Standards regulations that are currently in the drafting stage by the California Gambling Control Commission, including workshops being held in various locations in the state.

Finding of Necessity

The Division finds that it is necessary for the public health, safety, and welfare of the people of California that these regulations apply to business. The applications that are incorporated by reference are necessary to capture the information required to determine whether applicants are suitable for licensure subject to the requirements of the Gambling Control Act.

It is the responsibility of the Division to inform applicants of the anticipated costs associated with the investigation to allow applicants to determine if it is economically feasible to apply for a license, finding of suitability, or approval. Furthermore, it is necessary for the Division to assess and collect reasonable fees and deposits to defray the costs of regulating the industry.